

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into the 8th day of July, 2008 by and between Richard Anthony, party of the first part, hereinafter called Lessors, whether one or more, PD SERVICES, party of the second part, hereinafter called Lessee;

JNE. 2005 LEISURE Rd NW, Minerva, OH 44657

WITNESSETH, that the said Lessors, for and in consideration of the sum of One Dollar(s) (\$ 1.00) to them in hand well and truly paid by said Lessee, the receipt of which is hereby acknowledged and sufficient, and of the covenants and agreements hereinafter contained on the part of the said Lessee, to be paid, kept and performed, have granted, demised, leased and let and by these presents do grant, demise, lease and let, with covenants of quiet possession, and that they have the sole right so to grant and demise, unto the said Lessee, its successors and assigns, for the purpose of mining and operating for oil, gas and casinghead gas, and of building tanks, stations, power plants, water stations and structures thereon to take care of the said products, and of laying pipelines on, over and across the leased premises and other lands of Lessors, for the purpose of conveying oil, gas, casinghead gas, steam or water therein from and to wells and pipelines on the premises and on adjoining and adjacent farms, and rights of way for road ways over this and other lands of Lessors, all that certain tract of land situate in

District of Stark County and State of West Virginia on the waters of Ohio OSANDBURY Twp, bounded as follows:

On the North by lands of
On the East by lands of
On the South by lands of
On the West by lands of

Parcel Numbers - 3702363, 3704427, 3704414
API Well # 34-151228460000

Containing 47.07 acres, more or less, being land obtained by deed from Richard Anthony dated July 8, 2008 of record in Stark County, West Virginia in Deed Book 1234 at page 1234.

It is agreed that this lease shall remain in force for the term of three (3) year from this date and as long thereafter as operations for oil and gas purposes are being conducted on the premises, or oil or gas is found in paying quantities thereon by the said Lessee, its successors and assigns. "Operations" as used herein shall be deemed to be commenced when the first material or equipment is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

In consideration of the premises, the said party of the second part covenants and agrees: First, to deliver monthly to the credit of the Lessors, their heirs or assigns, free of cost, in the pipeline to which Lessee may connect its wells, Lessors' proportionate share of the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises; and second, to pay monthly Lessors' proportionate share of the one-eighth (1/8th) of the value at the well of the gas from each and every gas well drilled on said premises, the product from which is marketed and used off the premises, said gas to be measured at a meter set on the farm, or some other strategic location.

The Lessee shall not be required in any event to increase the rate of said gas well or casinghead gas payments or said royalty of oil by reason of any royalty or interest in said oil or gas that may have been heretofore sold, reserved or conveyed by Lessors or their predecessors in title or otherwise. Any such outstanding royalty or interest shall first be deducted from the royalties and rentals above provided to be paid or delivered.

If, and only if, Lessors or any third party claiming under Lessors are entitled to receive free gas, whether by virtue of the ownership of the surface of the leased premises and all the oil and gas underlying the same; or of the surface of the leased premises and an undivided interest in the oil and gas underlying the same; or of the surface of the leased premises and the express record right to receive free gas, then Lessors or such third party may lay a line to any well producing gas only on said land, and take gas produced from said well for their own use on said land at their own risk, subject to the use, operation, pumping and right of abandonment of the well by the Lessee; the first two hundred thousand (200,000) cubic feet of gas so taken in each year shall be free, but all gas in excess of two hundred thousand (200,000) cubic feet taken in each year shall be paid for by the Lessors or such third party at the same rate at which Lessee sells the remaining gas from said well to other third parties, which rate may vary from time to time, and measurement and regulation shall be by meter and regulators set at the tap on the well. This privilege is on condition that the Lessors or such third party shall use said gas with economy, in safe and proper pipes and appliances, and shall subscribe to and be bound by reasonable rules and regulations of the Lessee at such time relating to such use of gas.

Lessee covenants and agrees to locate all wells so as to interfere as little as possible with the cultivated portion on the farm. And it is agreed that the leased premises may be fully and freely used by the Lessors for farming purposes, excepting such parts as are used by the Lessee in operating hereunder, and further, that the said Lessee may drill or not drill on said land, as it may elect, and that the consideration and rentals paid and to be paid constitute adequate compensation for such privilege. It is agreed that the Lessee is to have the privilege of using, free, sufficient water and gas from the leased premises to run all machinery necessary for drilling and operating thereon at any time and to remove all machinery and fixtures on the leased premises. Lessee shall pay for damages caused by its operations to growing crops on said lands, and when requested by Lessor, shall bury its pipelines below plow depth.

The said Lessee covenants and agrees to pay rental at the rate of five (\$5.00) per net mineral acre paid annually in advance, beginning in three (3) months from this date, until, but not after, a well yielding royalty to the Lessors is drilled on the leased premises, and all rentals shall cease after the surrender of this lease as hereinafter provided for. During any period (whether before or after expiration of the primary term hereof) where there is an oil or gas well on the leased premises capable of producing oil or gas in paying quantities and oil or gas is not being sold or used and the well or wells are shut-in and there is no current production of oil or gas or operations on the leased premises or any portion thereof sufficient to keep this lease in force, Lessee shall be obligated to pay or render as shut-in royalty an amount (which shall be the same and shall be paid regardless of the number of shut-in wells) for each three (3) month period equal to one-quarter (1/4) of the annual delay rental as hereinabove provided, and it will be considered that oil or gas is produced for all purposes of this lease during any period that such well or wells are so shut-in. Said shut-in royalty for the first three (3) month period shall be payable within forty-five (45) days following shutting in of all wells, and payment for each subsequent three (3) month period shall be payable on or before the beginning date of each subsequent three (3) month period. Lessee shall use reasonable diligence to market oil or gas capable of being produced from such shut-in well or wells but shall be under no obligation to market such gas under terms, conditions or circumstances which, in Lessee's judgement exercised in good faith, are unsatisfactory.

If Lessors own a less interest in the above-described land than the undivided fee simple estate thereon, then the royalties and rentals herein provided shall be paid to Lessors only in the proportion which their interest bears to the whole and undivided fee.

All payments for delay rentals, shut-in well rentals, for oil and gas produced and marketed, and any other by-products may be made directly to the Lessors, their heirs or assigns by check mailed to Richard Anthony.

In case of notice of, or an adverse claim to the leased premises affecting all or any part of the shut-in rentals, delay rentals, or royalties, Lessee may withhold payment or delivery of the same until the ownership is determined by compromise, or by final decree of a court of competent jurisdiction, and to this end Lessee may file a petition for interpleader.

The interest or estate of either party hereto may be assigned, the privilege of assigning in whole or in part being expressly allowed. In the event this lease shall be assigned as to any part or parts of the above-described land and the assignee or

assignees or such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease as it covers a part or parts of said lease upon which the said Lessee or any assignee thereof shall make due payment of said rental. No change of ownership in the land or in the rentals or royalties shall be binding on the Lessee until after notice to the Lessee and after it has been furnished with a written transfer or assignment or a certified copy thereof.

Lessors hereby warrant and agree to defend the title to the land herein described and agree that the Lessee, at its option, may pay, discharge or redeem any taxes, mortgages or other liens existing, levied or assessed on or against the above-described land, and in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying any royalty or rentals occurring hereunder to the discharge of any such taxes, mortgages or other liens.

It is expressly agreed that if the Lessee shall commence drilling operations at any time while this lease is in force, it shall remain in force and its terms continue so long as such operations are prosecuted and if production results therefrom, then as long as production continues. If after the expiration of the term of this lease production from the leased premises shall cease from any cause, this lease shall not terminate provided Lessee resumes operations within ninety (90) days from such cessation, and this lease shall remain in force during the prosecution of such operations, and if production results therefrom, then as long as oil or gas is produced in paying quantities.

Upon the payment of One Dollar (\$1.00) at any time by the party of the second part, or by its successors and assigns, it or they shall have the right to surrender this lease in whole or in part for cancellation, after which all payments and liabilities thereafter to accrue under and by virtue of its terms shall cease and determine, and this lease becomes absolutely null and void.

Lessors agree that the recordation of a deed of surrender in the proper county, and the mailing in the post office of a check, payable as above provided, for said last-mentioned sum and all amounts then due hereunder, shall be a full surrender and termination of this lease.

All provisions of this lease shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties of the agreement have hereunto set their hands and seals the day and year first above written.

Witness:

Dem ? Kelly *Richard L Anthony*
Jacqueline S Anthony

ACKNOWLEDGEMENT

STATE OF Ohio

COUNTY OF Stark, to-wit:

The foregoing agreement was acknowledged before me by Richard and Jacqueline Anthony
of Robertsville, Agreement dated July 8, 2008.

Given under my hand and seal this the 8th day of July, 2008.

Barbara A. Belknap
NOTARY PUBLIC
My Commission expires on
02-26-2009

Barbara A. Belknap
Notary Public

My Commission Expires: _____

THIS INSTRUMENT PREPARED BY:

Smith Land Surveying, Inc.
P.O. Box 150
Glenville, WV 26351

DENVER BELKNAP
PDL SERVICES INC
2005 Leisure Rd NW
Minerva, OH 44657



Instr: 201101070000906 01/07/2011
P: 2 of 2 F: \$28.00
Rick Campbell 12:32PM LEAS
Stark County Recorder T20110000798